

Fiscal Note

Fiscal Services Division



SF 2101 – Medicaid Supported Employment (LSB5599SV)
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Fiscal Note Version – New

Description

Senate File 2101 provides a 20.0% increase in reimbursement rates for providers of supported employment under the Medicaid Program beginning January 1, 2016 (FY 2016) and for a full year in FY 2017. The bill is effective on enactment and is retroactive to July 1, 2015.

Background

Supported employment assists Medicaid members with disabilities in both obtaining and maintaining community-based employment. A supported employment provider assists Medicaid members in determining employment opportunities, preparing resumes or filling out applications, and practicing interview skills. Once a job is obtained, the provider assists the member in learning job responsibilities, the culture and values of the work environment, job accommodations, and explaining how employment impacts their benefits.

Fiscal Impact

Increasing supported employment rates by 20% will cost the General Fund \$750,000 in FY 2016, and \$1.5 million per year in FY 2017 and FY 2018. The General Assembly appropriated \$750,000 for this purpose in FY 2016 in **SF 505** (FY 2016 Health and Human Services Appropriations Act) as part of the Medicaid appropriation, but the necessary language directing the DHS to implement this provision was not included. This bill amends **SF 505** to include the necessary language. Due to the omission, the DHS redirected the \$750,000 to the Medicaid shortfall.

In addition to the impact of this bill, the DHS has promulgated rules (**ARC 2380C**) that will increase supported employment rates, but at the same time decrease prevocational services rates by a corresponding amount making the rule cost neutral. The Legislative Services Agency has requested information from the DHS as to how the rule will impact this bill, the supported employment increase, and the prevocational services decrease. The DHS has yet to respond to the request to information so a fiscal impact of the rule in conjunction with the bill cannot be determined. The decrease in prevocational services rates will likely offset a large portion of the cost of this bill.

Source

Department of Human Services

/s/ Holly M. Lyons

March 8, 2016

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
